

From todd@nccom.com Thu Feb 21 19:31:45 2002
From: Todd Lesser <todd@sunray2.nccom.com>
To: charles.bartholomew@verizon.com
Cc: dianne.m.mckernan@verizon.com
Subject: Re: Illinois
Date: Thu, 21 Feb 2002 19:31:45 -0800

On 2002-02-21 at 14:38, charles.bartholomew@verizon.com (charles.bartholomew@verizon.com) wrote:

>
> Todd,
>
> The location at 13th Street and Clark Street is not a Verizon central
> office. This would probably be your preferred location. Let me know if none
> of these works for you and I'll try to come up with some more. Also, if the
> real estate agent has a site in mind, I can check the capacity there.

I am sorry to ask you so many questions. SBC and Qwest in all their territories have never put the requirements of interconnection on us that Verizon has put on us. Some places we have fiber, some we have copper. In no places do they make a distinction between "Wholesale" and "Retail". To both of them, fiber is fiber and copper is copper. I have been able to just tell them where our office is and we are up in thirty days after I place the orders. This process that Verizon has set up, is so foreign to me, you are going to have to walk me through it. Some of the terms that Verizon uses are not industry standard terms so I have no idea what they mean.

I will check back with the realtor about the address again. Do you have an actual street address so I can confirm that he is looking at the correct building? Is this supposed to be a multi tenant building? Do you see multiple CLLI codes in this building?

I am sure there are plenty of buildings with capacity with copper. We are only going to use a few T1's. Possible as little as two.

I understand that Verizon's policy is to make a distinction between, "Retail" fiber muxes and, "Wholesale" fiber muxes. Does Verizon also make this same distinction for copper wires/outside plant? Are there, "Retail" and "Wholesale" telephone polls? I really don't understand Verizon's position. I looked over the interconnection agreement and I don't find anywhere that says I have to interconnect with fiber. Could you please explain to me why I have to use a, "Wholesale" fiber mux. Is this just Verizon's policy? Does Verizon consider all telephone polls and wire, "Retail facilities." How will this work with Unbundled Network Elements? Is Verizon not going to allow me to provision Unbundled Network Elements on copper wires? Are they going to put restrictions on how I use them? I don't understand why I can't order T1's using an Unbundled Network Elements or Entrance facilities that ride copper and use those T1's for my interconnection trunks.

Before I send the realtor out on a wild goose chase, can you tell me how many, "Wholesale" fiber muxes there are in De Kalb? It is a small town, I can't imagine that there could be many of them. There may be a lot of fiber muxes, in De Kalb, but I wouldn't think there are many, "Wholesale" fiber muxes.

The realtor told me that he once spoke to a Verizon rep who said they can install fiber in any building in De Kalb in thirty days. Is this true?

P-016

Re: Illinois

From **Todd Lesser** <todd@sunray2.nccom.com> Thu, 21 Feb 2002 19:31:45 -0800

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Thank you for your help.

P-017

Re: Illinois

From dianne.m.mckernan@verizon.com Thu Jan 18 07:21:16 2001
From: dianne.m.mckernan@verizon.com
To: "Todd Lesser" <todd@nccom.com>
Cc: cynthia.b.robinson@verizon.com
Subject: Re: your mail
Date: Thu, 18 Jan 2001 10:20:08 -0500

Good Morning Todd,
I'm glad to hear you you're willing to work with me on this project. However, due to the nature of the CLEC industry, Verizon's position is that the onus is on the CLEC to thoroughly familiarize itself with the process, procedure, and responsibilities of the Clec in order to do business with Verizon. All of which is detailed on our web-site in the CLEC Handbook. Unfortunately there are requirements that must be met regardless of the CLEC's individual circumstances. I understand you issued only the paperwork for 1 Tandem in order to preserve your prefixes, however your orders are being held in the CATC, pending this conference call. We are all anxious to get this project moving and will do what we can to make your dates, but there are numerous issues that will need to be addressed.
Please make sure you have read through the handbook & can thoroughly discuss your interconnect requirements.
I'd really appreciate a diagram of your network & the outline. I'd like to get a technical support person involved with your project to make sure all of our bases are covered. I need to submit this info to the director of the department in order to get someone assigned to your account.

On another note, the Tax exempt requirement are actual forms you must procure from the State of West Virginia & the IRS, complete & return to me. This will not have any impact on your interconnection, but it will be necessary when you begin to add customers to your network.

Take care,
Dianne
973 649-8250

"Todd Lesser" <todd@nccom.com> on 01/17/2001 11:41:12 PM

To: DIANNE M. MCKERNAN/EMPL/NJ/Bell-Atl@Bell-Atl
cc: April Spinelli@NYNEX, CYNTHIA B. ROBINSON/EMPL/VA/Bell-Atl@Bell-Atl
Subject: Re: your mail

On 2001-01-17 at 09:42, dianne.m.mckernan@verizon.com
(dianne.m.mckernan@verizon.com) wrote:

>
>
> I have some good news for you. Remember when we first spoke, I mentioned
> that my department was beginning a reorganization & that your account
would
> most likely transition to a former GTE Account Manager? Well, the good
> news is, I was able to Keep you and North County Communications as my
> customer.

P-018

Re: your mail

This is great news. Thank you.

- > As I promised, I checked into your previous statement regarding your
- > earlier submission of the profile to Bell Atlantic.
- > I found that we did receive an incomplete profile, and in August of 2000,
- > a
- > call was placed by Verizon to obtain the balance of the required
- > information.
- > At that time, we did not receive the information.

I don't know specifically about the August 2000 date. Although, I know that it was submitted at least four different times. One time even from North County's attorney to Verizon's attorney. I am surprised the attorneys did not work it out then.

Nevertheless, I appreciate all you have done to get this form processed through the system.

- > There is also an additional
- > question regarding UNE-P: Would you like Verizon to reject or process
- > PIC
- > changes requested on your subscriber's accounts?
- > I took the liberty of checking the yes box for this entry.
- >

That is perfect, thank you.

- >
- > Please verify
- > for me if this is action is correct or not. Since you entered the
- > Federal
- > and State tax exempt code you are required to provide to Verizon the
- > appropriate State & Federal tax exempt forms, service cannot begin until
- > these forms are completed.

I will find out what these numbers are and send them to you. Since the interconnection trunks are not taxable items, this shouldn't hold up the order I placed. I will provide you with these numbers before placing any taxable orders.

- >
- >
- >
- > You will also be contacted by the billing and
- > collect department regarding the posting of a deposit if required.

Understood. Although, since we have been a customer since approximately 1991, I assume they will not require a deposit.

- > I'd like to move forward with our relationship, however, there are
- > certain
- > requirements CLECs are obligated to complete for Verizon to provide
- > service.

I understand this. Although, I hope that Verizon understands that through counsel, we requested that we start this process almost six months ago. Saying that one phone call was made really doesn't qualify as an effort to resolve any problems when forms, maybe not complete, were sent on at least four different occasions. I am in jeopardy of losing

P-019

Re: your mail

my prefixes in West Virginia. At this point, I expect Verizon to process my orders so my prefixes will be preserved. Unfortunately due to this dilemma, we can't go completely by the handbook. Although, I am more than willing to have the conference and to send you anything you request from me.

> As of this writing, Wednesday January 17th, I have not received the email
> you agreed to send to me outlining your requirements as a Clec in the
> Verizon east region. >

I am sorry for the delay.

I placed a minimal order just to preserve the prefixes.

The order consisted of two T1s to your CHTNWWLE26T tandem.
One for local calls and one for interlata toll calls.
The T1's go from the tandem to our CLLI code - CHTNWW93DS0.
The PO's are WV20010117A and WV20010117B.

>
> I am attaching the URL for the forecasting section of our Web-site.
Please
> read it & submit the required forecasts prior to our call next Wednesday.

I will do it.

FYI: the data will be as follows for the next six months as we build our local infrastructure.

A DS3 (28 T1's) to CHTNWWLE26T.
One T1 to each of the other tandems in Charleston.

> I'm looking forward to working with you on this project.

I appreciate all you have done.

P-020

Re: your mail

From charles.bartholomew@verizon.com Tue Jul 30 13:59:12 2002
From: charles.bartholomew@verizon.com
To: Todd Lesser <todd@nccom.com>
Cc: dianne.m.mckernan@verizon.com
Subject: Re: ASR Received
Date: Tue, 30 Jul 2002 13:40:26 -0700

Todd,

There are a few changes that you need to make on your ASR (PON#DLK20020724A) before it can be processed. The main thing is that the Dekalb tandem is a DMS100. As such, one way trunking is required on the local group. Here are the entries required to change the order to a one way group; VZ to NCC. If you concur, please fax these changes only to 919-941-9194. Indicate in remarks that this is a supp to correct errors.

CFA: NEW/T1/1-24/DKLBILXA50T/DKLBIL07DS0
TTT: 1
DIR: 01
LTP: BC

Please let me know if you have any questions.

Regards,
Charles Bartholomew
Verizon Wholesale Markets
Northwest Technical Support
425-261-6197
charles.bartholomew@verizon.com

Charles G.

Bartholomew

.com>

/NJ/Bell-Atl@VZNotes

07/25/2002 12:54

PM

To: Todd Lesser <todd@nccom

cc: DIANNE M. MCKERNAN/EMPL

Subject: ASR Received

Todd,

I received your faxed ASR today. I forwarded it to the Verizon NACC (National Access Customer Center) in Durham, NC. Since it was faxed, it will have to be manually keyed into the system. You should be able to check the status tomorrow. The number for the NACC status desk is 888-346-5705.

Regards,
Charles Bartholomew

P-021

Re: ASR Received

From **charles.bartholomew@verizon.com**

Tue, 30 Jul 2002 13:40:26 -0700

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Verizon Wholesale Markets
Northwest Technical Support
425-261-6197
charles.bartholomew@verizon.com

P-022

Re: ASR Received

From todd@nccom.com Fri Jul 18 16:02:17 2003
From: Todd Lesser <todd@nccom.com>
To: douglas.inscho@verizon.com
Cc: "Dianne M. McKernan" <dianne.m.mckernan@verizon.com>,
jpach@technetlaw.com, steven.h.hartmann@verizon.com,
leigh.a.hyer@verizon.com, Joe Dicks <jdicks@jgdilaw.com>
Subject: Response July 11, 2003 e-mail
Date: Fri, 18 Jul 2003 16:02:17 -0700

I am responding to your three e-mails from Friday, July 11th, 2003.

I am confused by what your role is. Are you negotiating the billing dispute and the current arbitration regarding the interconnection agreement or merely acting as the negotiator for a new interconnection agreement? Not knowing your role, it becomes difficult for me to answer your questions completely in a short e-mail. You also appear to be responding to my e-mail regarding Verizon sending NCC ASR's. Are you the person who is going to handle this?

Verizon has a long history of not negotiating in good faith. I would therefore like to walk you through the facts.

On April 15, 1997, North County Communications sent a fax to Monti Marti of GTE to begin negotiations for an interconnection agreement.

One month later, on May 15th, 1997, Monti Marti informed me that he couldn't accept the letter because it didn't say what states we wanted to negotiate. That same day, North County Communications faxed another letter to begin negotiations for Washington, Oregon, and California.

On July 31st, 1997, seventy-seven days later, Monti Marti contacted North County Communications to set up a meeting/call to discuss a "potential agreement" between North County and GTE.

On September 12th, 1997, Monte Marti suggested we use start with the OGI or the GST agreement as a template. - We used the GST agreement.

On September 12th, 1997, Monte Marti faxed NCC a letter that I should send back on NCC stationery so he would have time to draft up the agreement and North County would not have to request arbitration.

On September 23th, 1997, Monte Marti agreed to change the agreement so it would be Mutual Compensation from day one. North County would pay GTE's tandem rate for termination and GTE would pay North County, GTE's end office rate. NCC asked for an agreement in Washington, Oregon, and California.

On September 26th, 1997 NCC sent back the letter with the agreed upon extension of October 1, 1997. Monte Marti never signed the letter.

After the window to request arbitration had past, Monte Marti informed me that the attorneys wouldn't let him sign it.

At this point, North County had two choices, either take the GST agreement AS IS or have to wait many more months for the next arbitration window and not be operational.

On October 23, 1997, GTE sent NCC an adoption letter. NCC signed it and sent it back.

P-023

Response July 11, 2003 e-mail

On October 29, 1997, GTE sent NCC another version of the adoption letter. NCC signed it and sent it back.

On November 4th, 1997, almost two weeks after the GST agreement was approved by the Commission, GTE sent NCC its third version of the the adoption letters. NCC signed those and sent them back.

On November 5th, 1997, GTE requested NCC's NXX code, Rate Center, and LERG effective date in Oregon.

On November 6th, 1997, NCC responded by telling GTE the prefix was 503-426, that it was in the Portland Rate Center, and was going to be effective November 28th, 1997.

On or about November 28th, 1997, GTE started indirectly routing traffic to NCC via the USWest/Qwest tandem.

On July 21st, 1999, since GTE never sent the adoption letters for Washington, NCC requested them again.

On July 22nd, 1999, Monte Marti requested that NCC send a new letter to start negotiating.

On July 22nd, 1999, NCC requested that this time all negotiations be in writing. GTE refused.

On July 22nd, 1999, NCC then requested that the conference calls be taped. GTE refused.

On July 22nd, 1999, NCC sent an e-mail to Steve Pitterle requesting to opt into the GST agreement in Washington.

On July 29th, 1999 GTE sent NCC a letter saying that the GST agreement in Oregon would expire on October 30th, 1999.

As of April 17, 2000 NCC never heard back from Steve Pitterle about Washington and now requested to opt into the Worldcom agreement in Washington.

On April 18th, 2000 NCC started negotiating with Nancy Pumphrey of GTE for an agreement for Oregon and Washington.

On June 7th, 2000 NCC sent an e-mail to Dave Overstreet of GTE requesting to opt into the ELI agreement for Oregon and Washington.

On June 8th, 2000 Dave Overstreet acknowledged NCC's request and told me to e-mail or mail NCC's request to Cathy House of GTE. Nancy Pumphrey was assigned to be the person NCC was supposed to speak to.

On June 27th, 2000 NCC requested a second time to opt into the ELI agreements for Washington and Oregon.

On September 26th, 2000, NCC requested a third time to opt into the ELI agreements in Washington and Oregon.

On September 28th, 2000, GTE sent a confirmation letter stating that they received my letter to opt into the ELI agreement. In addition, they asked me to sign an acknowledgment that they were going to file with the Commission.

P-024

Response July 11, 2003 e-mail

On or about October 5th, 2000, NCC sent the letter back. This being the fourth time NCC requested the ELI agreement in Oregon.

Please explain to me why GTE/Verizon never sent back a signed copy of the September 28th, 2000 letter.

To this date, even though NCC has requested to opt into an interconnection agreement in Washington SIX times, GTE has still not sent any letters acknowledging that NCC requested an interconnection agreement. Why has GTE/Verizon failed to respond?

North County received a letter dated January 13th, 2003 from John Peterson in which Verizon elected to terminate the interconnection agreement between our two companies. He further states, "In order that services between North County Communications Corporation and Verizon North Inc, f/k/a GTE North Incorporated, Verizon South Inc, f/k/a GTE South Incorporated continue uninterrupted, Verizon recommends that North County Communications respond to this letter with a request to begin negotiations for a new agreement."

Since North County does not want any interruption, as requested in the letter, I immediately sent a e-mail to Renee Ragsdale on the 13th of January to request negotiations.

I received no response.

On, January 21st, North County sent another letter stating that no one at Verizon had contacted North County to begin negotiations.

On, January 21st, I was then contacted by Michelle Miller to discuss negotiations. I was told that Francis Safara was appointed to negotiate with me. I was incorrectly told the start date for negotiations would begin on January 21st.

As you may be aware I was sent an e-mail from Francis Safara on January 14, 2002 in which he stated, "Per your request for e-copies of certain ICA's, it is Verizon's policy not to provide e-copies to CLECs. The CLEC is responsible for obtaining such copies." Although, on January, 22, 2003 Michele Miller e-mailed me an "e-copy" of the agreement the Verizon was proposing for Oregon. Apparently, this, "Policy" only applies if I want to negotiate off another carrier's agreement and unwilling to accept the terms that Verizon is currently wanting CLEC's to adopt.

During my conversation with Francis Safara, he acknowledged that the correct date that negotiations started was January 13th. In addition, he took several positions that are clearly contrary to law. Those positions resulted in me sending him an e-mail on January 28th:

Date: Tue, 28 Jan 2003 15:12:56 -0800
From: Todd Lesser <todd@nccom.com>
To: francis.c.safara@verizon.com
Subject: North County Communications Oregon

The purpose of this e-mail is to confirm what was discussed last week.

You stated that the Bell Atlantic/GTE Merger Agreement with the FCC requires Verizon and the CLEC's to use Verizon's "model agreement" as the basis for negotiations and that Verizon and the CLEC's are not allowed to work off our current agreement or create a whole new

P-025

Response July 11, 2003 e-mail

agreement. According to you, the CLEC's only options are to negotiate off the Verizon model agreement, opt into the model agreement with no changes, or opt into someone else's agreement.

In addition, Verizon will, "not provide a list" of agreements that North County can opt into. In other words, Verizon will not provide North County with a list of arrangements it is offering other carriers.

These two positions are contrary to law. First, nowhere in the Merger Agreement does it require Verizon and/or the CLEC to use the Verizon model as the basis for negotiations. Please forward me that portion of the Merger Agreement that supports your contention. North County expects Verizon to act in good faith. Our existing agreement is what is in force and by which both parties should be abiding until another arrangement is agreed upon. As it stands, North County is satisfied with the existing agreement. Changing the agreement for no reason is a waste of time and legal expense. If Verizon was truly acting in good faith, it would present North County with a letter showing us what portions of the existing agreement it wants to change, with rational reasons for the suggested changes.

Second, it is Verizon's legal responsibility to provide North County with all the arrangements it is providing other carriers. Please consider this e-mail as a data request to Verizon to provide North County Communications with a list of all the arrangements it is providing or offering to provide carriers.

Forcing North County go to a third party (Illinois Commerce Commission) to look at agreements that may or may not be in force is unreasonable and constitutes blatant bad faith. There is no way for North County to know if an agreement for Oregon has been cancelled or not by looking at the Illinois Commerce Commission's web page.

To this date, Verizon never provided the section of the Merger Agreement that Francis Safara mentioned.

On January 29th, NCC sent an e-mail to Renee Ragsdale asking about the letter that Verizon sent to NCC stating the termination of the agreement would be April 13th, 2003:

"Let me make sure I understand what you are saying. Verizon is cancelling the agreement effective April 13th, 2003. Although, until a new agreement is reached, the parties will continue to provide the services that had been providing and they will continue to be obligated to compensate each other for these services.

Am I correct?"

On January 31st, 2003 Renee Ragsdale of Verizon responded to my e-mail stating, "Per the terms of the existing contract, the existing services will continue."

On January 31, 2003 NCC sent a follow up e-mail to Renee Ragsdale:

"I want to make sure I understand what you are saying. The existing services will continue and payments will still be do. For example, if Verizon continued to send North County traffic, and the contract was

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Response July 11, 2003 e-mail

under Reciprocal Compensation, Verizon would still continue to make payments after the expiration date.

Am I correct?"

On January 31st, 2003, Renee Ragsdale responded:

"Please work directly with your negotiator, Frank Safara."

I have never received an answer to this question.

After receiving no response from Frank Safara, NCC sent the following e-mail on February 4th 2003:

Date: Tue, 4 Feb 2003 13:22:36 -0800
From: Todd Lesser <todd@nccom.com>
To: francis.c.safara@verizon.com
Cc: "Dianne M. Mckernan" <dianne.m.mckernan@verizon.com>
Subject: Oregon Negotiations

It has become abundantly clear that Verizon is not negotiating in good faith.

North County received a letter dated January 13th, 2003 from John Peterson in which Verizon elected to terminate the interconnection agreement between our two companies. He further states, "In order that services between North County Communications Corporation and Verizon North Inc, f/k/a GTE North Incorporated, Verizon South Inc, f/k/a GTE South Incorporated continue uninterrupted, Verizon recommends that North County Communications respond to this letter with a request to begin negotiations for a new agreement."

Since North County does not want any interruption, as requested in the letter, I immediately sent a e-mail to Renee Ragsdale on the 13th of January to request negotiations.

I received no response.

On, January 21st, North County sent another letter stating that no one at Verizon had contacted North County to begin negotiations.

On, January 21st, I was then contacted by Michelle Miller to discuss negotiations. I was told that Francis Safara was appointed to negotiate with me. I was incorrectly told the start date for negotiations would begin on January 21st.

During my conversation with Francis Safara, he acknowledged that the correct date that negotiations started was January 13th. In addition, he took several positions that are clearly contrary to law. Those positions resulted in me sending him an e-mail on January 28th.

On January 29th, I sent an additional e-mail asking a simple question if Verizon agreed with the following:

Although, until a new agreement is reached, the parties will continue to provide the services that had been providing and they will continue to be obligated to compensate each other for these services."

P-027

Response July 11, 2003 e-mail

It has now been seven days and Verizon still has not responded to this letter. It has been six days since I asked a simple question.

If Verizon was truly negotiating in good faith, at the very least, my simple question would have been answered.

This bad faith on the part of Verizon is reminiscent of the negotiation tactics Monty Marty of GTE/Verizon used in September of 1997 causing North County to miss our opportunity to request arbitration. Monty Marty and GTE/Verizon fooled North County once. It is not going to happen again. Terminating our agreement and refusing to negotiate in good faith is not going to work this time. North County is not going to go away. North County is providing a services to Verizon and we expect to be paid.

Neither Francis Safara, nor anybody else, ever responded to the e-mail. In fact, NCC, never heard from Francis Safara ever again.

On February 5th, 2003, Margaret Sara Cole e-mailed, stating that, "I am happy to respond to your note as a business person working with NCC in an effort to resolve the dispute regarding your October 2002 invoice. I am not an attorney and as such am not the appropriate person to exchange written legal positions with NCC."

While she gave me her opinion as a business person, she never gave me Verizon's legal position. This prompted my follow up e-mail on February 6th, 2003:

Date: Thu, 6 Feb 2003 09:27:48 -0800
From: Todd Lesser <todd@nccom.com>
To: margaret.s.cole@verizon.com
Cc: "Dianne M. Mckernan" <dianne.m.mckernan@verizon.com>
Subject: Oregon Dispute

I am in receipt of your e-mail dated February 5th 2003. I am not an attorney either, although, I feel qualified to negotiate with Verizon to settle this dispute as required under Section 12.2 of our agreement. If you feel that you are not sufficiently, "Knowledgeable" to be able to address the issues that have arisen concerning this agreement then I formally request that Verizon appoint a "Knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement." To appoint someone who is not capable to handle this is not acting in "Good faith" and is itself another breach of our agreement.

This agreement obviously does have legal questions that need to be answered. You and I both have the ability to go to our respective lawyers and ask questions. Unless Verizon has some ulterior motives, I see no reason why an e-mail to you after we spoke to confirm my understanding of what you said should be an issue.

Let's cut to the chase and talk about the issues at hand.

I have provided you with an e-mail dated April 17th, 2000 to Glenda Lowenstein in which North County requested a, "Traffic study" and to "Receive Compensation for the out of balance traffic."

There are three separate issues of compensation and I suggest we break them up.

P-028

Response July 11, 2003 e-mail

First, compensation for traffic from the date the agreement became effective until April 17th 2000.

Second, compensation for traffic from the April 17th, 2000 until now.

Third, future compensation.

I will address the first issue. Section IV-6 #5 of the agreement allows for Indirect Network Interconnection. It specifically says, "Either Party may deliver traffic destined to terminate at the other Party's end office via another LEC's tandem provided that the Parties have established compensation Agreement(s) specific to this arrangement." This section has no restrictions on it. It doesn't require a traffic study. It doesn't say anything about having to give notice to end Bill and Keep.

You stated that in is your interpretation and your, "Attorney agrees with you" that this section is talking about facilities and not exchanging of calls. When I asked you explain your position and then tried to break down the sentence as a business person, you responded by saying you are not an attorney. This section is blantly clear. "Either Party." This means Verizon or North County. "May deliver traffic." This means, May deliver calls. You stated that this means circuits. You ignored the previous language in the agreement and specifically on the same page of the agreement. "Destined to terminate at the other Party's end office." This means that calls that go to North County's central office or to Verizon's central office and end up at a customer that is served by that central office. You stated that this part of the sentence is talking about calls that "Terminate" at the central office and not calls that, "Terminate at the customer's location." This is a strained interpretation. Few if any calls normally terminate at an end office. If you take such a narrow interpretation, only calls that receive a telco recording, calls going to a telco telephone in the central office, or calls that terminate on a customer provided colocated piece of equipment. Is that what you are really saying? Your narrow interpretation is contrary to language in the agreement and reason. I can think of no reason why either party would have put in such a clause that would only apply to very few calls. This would mean that either party can terminate their traffic for free on the other parties network if it indirectly routes the calls as long as the calls aren't answered by someone or some equipment in the central office. "Via another LEC's tandem". In this case this means sending calls through Qwest's tandem. "Provided that the Parties have established compensation Agreement(s) specific to this arrangement." This means that Verizon should have established an agreement to compensate North County the minute it started indirectly sending calls to North County via Qwest's tandem.

Now let's address the second issue. There should now be no argument concerning calls from April 17th, 2000 until the present time. North County requested a traffic study and to be compensated for the out of balance traffic. Verizon didn't comply with the request. North County isn't sending Verizon any traffic so whether there is an imbalance of traffic or not is a simple question that Verizon should have answered immediately. If Verizon had simply complied with this provision and given North County the minutes that Verizon was indirectly routing to North County via Qwest, we could have simply used those minutes to bill Verizon. North County is willing to negotiate how to fairly calculate those minutes. Last time we spoke, you told me that Verizon has no way of calculating the minutes because most of the

P-029

Response July 11, 2003 e-mail

customers have flat rate service and therefore Verizon doesn't even record what local calls its customers make. I find it totally unbelievable that Verizon has no record of any calls. Does Verizon really expect North County to believe that when the FBI shows up and says that we are trying to find out if a customer made any calls to a specific number during a specific time period that Verizon tells them they can't do it? The police and the FBI pull past call records all the time. Even if Verizon still stands by this position, clearly the GTD5, ESS1, ESS1A, #5ESS, #4ESS and the DMS100 central office equipment all have the capability to record calls even if Verizon doesn't normally do it. Once North County requested a study to show how many calls Verizon was sending to North County, Verizon had an obligation under the agreement to comply. North County Communications negotiated in good faith. If Verizon truly didn't have the ability to do something, which I doubt, they should not have put it in the agreement or immediately notified North County of that fact.

As you stated in your January 30th e-mail, "Section 3.3 defines how the parties will compensate each other on an usage basis for the exchange of local traffic irrespective of the type of interconnection (direct or indirect)." Therefore, North County expects to be paid. The only issue is how to determine the amounts of minutes so that Verizon can compensate North County.

Lastly, future compensation. Since North County requested a traffic study and to be paid for the out of balance traffic in 2000, it is entitled to "Receive compensation for Internet traffic minutes up to a ceiling equal to, on an annualized basis, the number of Internet minutes for which the CLEC (North County) was entitled to receive compensation during the first quarter of 2001, plus a 10% growth factor."

Now the only issue is to address the number of minutes. If Verizon wants to issue an ASR (Access Service Request) to order direct trunking to North County's central office and stop indirectly routing traffic so it is not so "Difficult" for Verizon to validate North County's bills, North County will accept the ASR and give an FOC (Firm Order Commitment) the same day it receives the ASR.

What really concerns North County is Verizon's failure to pay compensation due from April 2000 to the present when it admits that compensation is due. Remember, Verizon has recognized that whether directly or indirectly routed, the calls are compensable, and has also recognized that North County has properly requested a switch to reciprocal compensation from bill and keep. Non payment for calls for this period (as well as on going calls) and forcing North County to go to arbitration, with all its inherent delay and costs, is another attempt by Verizon to use its monopoly status and power in an anticompetitive manner, to keep North County out of the market. Verizon's failure to fairly compete in this and other markets is getting considerable attention in Maryland, West Virginia, Illinois and New York, to name a few. Our current dispute in Oregon has significant implications and ramifications far beyond a simple arbitration over amounts due North County. It has become abundantly clear that Verizon is using these tactics nationwide. Tell the powers that be that no matter how hard they try, no matter what unfair tactics they take, North County will not give up its fight to be treated fairly as required under the telecom act.

After receiving no response from Francis Safara for four months, NCC sent

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Response July 11, 2003 e-mail

the following e-mail:

Date: Wed, 21 May 2003 10:07:07 -0700
From: Todd Lesser <todd@nccom.com>
To: "Dianne M. McKernan" <dianne.m.mckernan@verizon.com>
Cc: steven.h.hartmann@verizon.com, donald.e.albert@verizon.com,
leigh.a.hyer@verizon.com, joseph.dimarino@verizon.com,
lionel.lyons@verizon.com, dorothy.m.sapp@verizon.com,
cynthia.b.robinson@verizon.com, manpreet.s.matharu@verizon.com,
donna.l.walker@verizon.com, pamela.j.cunningham@verizon.com,
evon.tabron@verizon.com, emory.a.brown@verizon.com,
thomas.m.wall@verizon.com, timothy.d.hall@verizon.com
Subject: Oregon and California

Is Verizon going to send NCC ASR's to route local and intralata toll traffic in Oregon and California; or is it going to continue to insist on a free ride? This is not the first time I have brought this issue up. Verizon can't continue to indirectly route calls to NCC and not pay NCC reciprocal compensation and local toll. Ever since Verizon has began indirectly routing calls to NCC, it has enjoyed the benefits of NCC's services without paying for them. Is Verizon doing this to other CLECs; or am I being singled out?

Either Verizon needs to start paying NCC for the traffic that is being indirectly routed or it immediately needs to issue ASR's to order direct trunking. The law and the interconnection agreement demand that NCC be treated fairly. What Verizon is doing is costing NCC (and probably other CLECs) considerable revenues, and if this is a common practice, it may very well be in violation of state and federal anti-trust laws. PLEASE confirm that the trunks will be ordered in both California and Oregon!

On June 10th, 2003, after not hearing from Frank Safara for one hundred and thirty nine days, you contact me saying that you are the new negotiator replacing Frank Safara.

On June 17th, 2003, I responded to your e-mail.

On July 11th, 2003, you sent me your response in three e-mails.

First I would like to address your e-mail in which you discussed receiving the interconnection agreements electronically from the Illinois Commission.

North County made a legal data request during our negotiations. We asked for all the terms and conditions you were providing to other carriers. Directing me to a web site that is not under the control of Verizon and therefore Verizon is not responsible for the accuracy of that web page is unacceptable. Directing me to another web page is not going, "beyond Verizon's obligations." Verizon has an obligation to inform NCC of all the terms and conditions it is providing other carriers. While Verizon has a, "Policy" to not directly provide electronic copies of other ICA's it has in force, it will provide an ICA in electronic form that it currently wants to adopt. Please explain to me why you will provide the proposed ICA in electronic form but will not provide an existing ICA in electronic form. In addition, NCC has learned through discovery in the arbitration in Oregon that it is paying different rates to carriers for traffic terminating on the other carriers network.

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Response July 11, 2003 e-mail

I have provided you the dates that NCC requested to opt into the ELI agreement in Oregon. NCC is operating under the assumption that it was under the ELI agreement since it requested it on June 7th, 2000. As NCC has not been paid under this agreement, we will need to follow the provisions for attempting to resolve our dispute. Please provide me with the name of the person you are appointing for this person per paragraph 14.2 of the agreement. Our 60 days begins to run today. Nevertheless, on a going forward basis, NCC is requesting that you offer NCC the same terms and conditions it is offering ELI. In addition, although Verizon disclosed that it is paying different rates to different carriers, it didn't disclose which carriers were getting which rates. NCC is requesting that Verizon pay NCC the highest rate it is paying the other carriers in Oregon.

In your e-mail of July 11th, you asked for four items for Oregon. (I will address the California questions in a separate e-mail.):

1) What are the current NXX codes which NCC has activated in its Oregon and California switches and desires to interconnect?

The current NXX code is 503-426.

2) What is the physical location/address of NCC's switch(es) for which interconnection is desired?

As stated in the LERG, NCC's switch is located at:

921 SW WASHINGTON
PORTLAND, OR 97205

3) Will NCC be operating in any Verizon exchanges?

I am sorry, I do not understand what your definition of operating consists of.

4) At what point on Verizon's network does NCC wish to interconnect?

North County is proposing having the carriers indirectly route traffic. If direct routing is requested by either party, the party sending the traffic should provision T1's or DS3's to the nearest switch or tandem. If a tandem exists, the carrier sending the traffic will send it to the closest tandem of the other carrier.

You also asked for a forecast for Oregon. Only Verizon knows how much traffic it is currently sending NCC. NCC does not predict any increase in traffic sent by either party over the next two years. NCC estimates that Verizon is sending NCC fourteen T1's of traffic.

Based on NCC's past experiences with Verizon, NCC will pass on the conference call. Feel free to e-mail me any questions you might have.

I am tired of these games. Prove to me this article from US News and World Report is incorrect.

The right connections

A legal loophole propelled GTE to the top of the heap

P-032

Response July 11, 2003 e-mail

BY FRED VOGELSTEIN

Americans love to hate their phone companies. It's sport, like complaining about the IRS or the post office. A little more than a decade ago, however, Southern Californians didn't just gripe about theirs, GTE Corp.; they revolted against it. Santa Monica city officials threatened to drop GTE; the University of California--Los Angeles spent millions of dollars to install its own phone switches that would bypass GTE's antiquated equipment. Customers protested by the thousands, complaining of line static, misdirected calls, disconnections, and the many hours spent without any service at all. One group of disgruntled users even staged a demonstration on the steps of regulators' Los Angeles offices, wearing necklaces of tin cans connected together with string. "We were the pits," admits GTE Chairman Charles Lee.

No one is laughing at GTE today, however. In a complicated drama that began with the recent telecommunications reform legislation, GTE won a critical advantage--and is now stronger than ever. Its network--generations out of date in the early 1980s--has been completely revamped thanks to \$48 billion in improvements. The utility also has built the nation's fifth-biggest cellular business and just last May announced plans to buy a quarter of Qwest Communications' Internet capacity for around \$500 million. This fall, using a new data transmission technology called ADSL, it will begin offering residential and small-business users affordable dial-up Internet service on regular phone lines that's as fast as the service found in big corporations.

Indeed, GTE's once sneering peers--MCI, AT&T, and the local telephone companies--are now seething about its uncharacteristically aggressive behavior. Since Congress passed the sweeping Telecommunications Act early last year, GTE has been using its newfound muscle to grab market share. In the 18 months since the act was ratified in February 1996, GTE has wooed more than 1.3 million new long-distance customers, mostly from AT&T. Meanwhile, its stock, once the dog of the industry, has become a Wall Street favorite. "For now, they're essentially in the sweet spot" of the telecommunications business, says Tod Jacobs, an analyst at Sanford C. Bernstein & Co.

GTE's transformation is only partly the result of business smarts, though. An even bigger factor behind the company's recent success is that it hit the jackpot in Washington: A loophole in the Telecommunications Act has allowed GTE into the \$70 billion long-distance market, while other big local exchange carriers--Bell Atlantic, SBC Communications, U S West, and Ameritech--are still forced to sit on the sidelines. The result is that GTE can offer both long-distance and local service, but its competitors cannot.

Your call. The importance of this to GTE can't be overstated. Bundling local and long distance together is the cheapest way to deliver telecommunications services, and consumers prefer to receive them in one package. Moreover, GTE, which has some 20 million local phone customers in 28 states and major cities like Los Angeles and Dallas, is well positioned to capitalize on its status as the largest provider of both long-distance and local services. Its local business gives the utility detailed information about its customers' calling patterns--information that comes in handy when GTE tries to sell long-distance and other calling services. Long-distance providers

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don't have as much access to this information because most of their wires don't yet connect to customers' homes. "In the case of GTE, the Telecom Act didn't get it right," grouses John Zeglis, AT&T's top lawyer, who is touted as a possible successor to AT&T Chairman Robert Allen. "GTE is accumulating long-distance customers rapidly, and it has no incentive to open its local phone network" to competition.

How did GTE get such a big edge? Simply put, it exploited political chaos. The Telecom Act was one of the most complex bills lawmakers had faced in years, and the lobbying was some of the most ferocious. Local and long-distance solicitors inundated congressmen daily with complicated issues to decide. But GTE had just one issue to pitch, and it wasn't a very complicated one. It wanted Congress to tear up the agreement GTE made with the government in the 1980s, when it bought Sprint. GTE no longer owned Sprint, having sold it in 1992. Under the Sprint agreement, GTE could sell long-distance services only through a separate company in an arm's-length fashion. In other words, it couldn't use information from one business to help it sell services in another. GTE lobbyists argued that the agreement handicapped the company in the marketplace--and Congress agreed to scrap it.

"I don't think the government appreciated what an enormous loophole it was creating," says CS First Boston analyst Frank Governali. For most phone companies, telecommunications reform was mostly about unraveling the terms of the 1984 AT&T breakup, which gave the Baby Bells local monopolies in return for staying out of the long-distance business. But GTE had never been part of the Bell system. For that reason and because GTE had long been known as a third-rate player, no one paid much attention to it. "[GTE] just slipped through the cracks," says Mike Brown, AT&T's chief lobbyist at the time. "There was so much stuff to get on top of"--the Telecom Act addresses phones, television, cable, radio, the Internet, and cellular communications--"I was going nuts," adds Anne Bingaman, the Justice Department's point person on the bill and now a top executive at LCI International, a midsize long-distance provider. "I said, 'GTE is getting away with murder here,' but there was so much to do, there was no one really arguing with them. No one had time."

Others who spotted the loophole weren't alarmed because they didn't think GTE's anomalous advantage would last long. Certainly, no one thought that a year and a half later GTE would still be the only local company with the right to offer local and long-distance services. But the act requires local companies like SBC Communications and U S West to open their markets to competition before they can enter the long-distance market, and they have been slow to do so. They fear that as soon as they do, the long-distance companies will swoop in and take their best customers before they can snare enough of the long-distance customers to offset the losses. And the Federal Communications Commission has been firm: No competition, no long distance. The agency recently rejected Ameritech's proposal to offer long-distance service in Michigan, saying that while the company was getting closer, it still hadn't provided nondiscriminatory access to its system. Earlier this year, FCC regulators rejected an SBC Communications plan to offer long-distance service in Oklahoma.

A big reason for the delay in local phone competition may also be the fierce tactics that GTE is employing. GTE's chief counsel, William Barr, former President Bush's attorney general, denies this. "The fact that AT&T, for example, hasn't come into the market against us is a function of their own plans, facilities, and limitations." But

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competitors and regulators accuse the company of pursuing a scorched-earth legal strategy. "GTE is rapidly becoming known not as a world-champion competitor but as the world-champion litigator," MCI President Timothy Price said in July. Says Greg Simon, the Clinton administration's leading staff member on telecommunications reform, "The impetus for the entire act was to [prevent this from happening], to get telecommunications policy out of the courts."

Barr has sued regulators and GTE's competitors in state courts in 20 of 28 states where GTE operates and in federal court. Although the Telecom Act requires GTE to do business with competitors, critics say Barr has stalled and forced rivals to take GTE to arbitration. Barr says that's a matter of opinion, but he is up front about the fact that once the current legal avenues are exhausted, he is prepared to challenge the constitutionality of the government's attempts to dictate prices.

Legal eagle. He uncorked a federal suit last fall after the FCC published a set of pricing rules GTE didn't like. These rules laid out how much GTE and other local companies could charge long-distance companies to use their network. But Barr said these prices were way too low--below GTE's cost of providing the service. The upshot was that GTE rushed into federal court in October claiming that Congress had never intended the FCC to make pricing rules--that it had intended the state utility commissions to do so. Never mind that the congressional leadership filed a brief to the contrary, saying it was its intention to give the FCC pricing power. GTE won a stay in the fall, and last month, the U.S. Eighth Circuit Court of Appeals in St. Louis backed GTE's position. Barr remains steadfast. "Basically the problem was that the FCC was very biased against us, and we thought its entire [price-setting] philosophy was wrong. You don't promote competition by holding down the incumbent," he says.

Barr didn't stop there. Having forced the long-distance companies to go through the time-consuming process of getting price rulings on a state-by-state basis, he challenged each utility commission's ruling. The results of those suits "don't deviate from the FCC rules as much as we'd like, but we made up 40 percent of the gap between what the FCC said prices should be and what we wanted," Barr says.

Many experts say the U.S. Supreme Court may have to unravel this mess. But Barr says that by the time he's through--that is, after he has secured good prices for GTE in all of its markets--it may be too hard for even the Supreme Court to reverse. Most states will have likely set their own prices by then, and "so for the Supreme Court to say go back to square one would be very disruptive," he says.

Of course, Barr and the rest of GTE's management team know that eventually their competitors will get into their markets. This is when GTE's transformation will truly be put to the test. Even today, customers rank GTE dead last in satisfaction, according to a J. D. Power survey last year. "Once competition does get going, GTE is much more exposed," says Jacobs, the analyst at Sanford Bernstein. The question is when that competition will begin.

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Response July 11, 2003 e-mail

From **Todd Lesser** <todd@nccom.com>

Fri, 18 Jul 2003 16:02:17 -0700

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